

## Compensation Plan Detail



## 1 Enrollment & Activation

### 1.1 Joining the Opportunity

- » To join the program an Independent Business Associate (IBA) must purchase a \$49 “Marketing & Technology Kit”. This purchase provides the IBA with marketing materials and a replicated website, and allows them to earn a 30% commission on retail sales. This purchase also inserts the IBA into the binary tree but does not make them “binary active”

### 1.2 Becoming Binary Active

- » To become “binary active” an IBA must accumulate a minimum of \$200 in PRODUCT purchases within the first 30 days of enrollment (hereafter called the enrollment period). Tax, S&H and any other fees do not count as volume.
- » The amount of product purchased within the 30 day enrollment period determines the level of the IBA’s business center within the binary. The three levels (silver, gold and platinum) are outlined below.
- » If an IBA joins in the middle of the month, he or she is fully qualified for the remainder of that month as well as the next month. For example, Bob joins the program on May 9th at silver level (\$200). Bob is “active” for both May and June.

### 1.3 Becoming “Binary Qualified”

- » To be qualified to earn commissions, an IBA must be binary active (see 1.2 above) and must personally sponsor one Associate on each leg of his or her binary (total of 2 associates).



## 1.4 Earning Weekly Binary Commissions

- » Associates earn a 10% commission on volume in the lesser leg of their binary tree each week.
- » Team Binary Commissions are paid weekly. The weekly commission period runs from 12:00am Monday morning to 11:59pm Sunday night.
- » To be eligible to earn weekly binary commissions, an IBA must be “Binary Qualified” (see section 1.3 above).
- » The maximum weekly payout for any Associate is determined by his or her business center level (Platinum, Gold or Silver) and the number of active, personally sponsored associates they have in their binary at the time commissions are run. The details of this stepwise progression can be found in Table 1 below.
- » Independent of any individual business center earnings cap, there is a maximum global payout cap set by the company. If the total commission payout exceeds this cap, then the percentage of overage is applied as a commission reduction to ALL IBA’s. For example, if the global commission cap was 50% and after calculating all commissions the total payout is 53%, each IBA’s commission check will be reduced by 3%. This is done to ensure the viability of the company.

## 1.5 Earning Weekly Binary Matching Bonuses

- » IBA’s can earn a bonus based on the earnings of people they personally sponsor.
- » The Binary Matching Bonus is generational, based on line of personal sponsorship.
- » The bonus percentage amount is based on the binary business center level (8% per level for Platinum, 6% per level for Gold and 4% per level for Silver (see Table 2 below).
- » The number of generational levels on which the bonus is paid is determined by the IBA’s rank in the Unilevel plan.

## 1.6 Maintaining Active status

- » Independent Business Associates must maintain “active” status by accumulating \$60 in personal sales volume (PSV) within the monthly commission period to be eligible to receive commission payouts.
- » PSV is defined as the sum of purchases made at wholesale by the IBA through the dealer shopping cart AND the wholesale value of any retail purchases made through the IBA’s website.
- » The first 30 days of purchases from each IBA are paid out in the binary plan. All purchases after the initial 30-day enrollment period are paid into the Unilevel plan.



## 2 Binary Plan Business Center Levels

### 2.1 Platinum business centers are earned by enrolling and purchasing \$800 or more in qualified product within the first 30 days of enrollment.

- a) The Platinum business center must personally sponsor two Associates (one on each binary leg) to be “binary qualified.” Binary qualified means that the business center is eligible to earn weekly binary commissions.
- b) Platinum business centers start with a \$10,000/week earnings cap.
- c) The weekly earnings cap increases to a maximum of \$30,000/week through additional personal sponsorship (see Table 1 below).
- d) To max out at \$30,000/week, a platinum business center must have 30 “binary activated” personally sponsored associates, 15 of which must be Gold level or higher.
- e) Platinum business centers earn an 8% matching bonus per level up to five levels deep (based on Unilevel rank), for a maximum Binary Matching Bonus of 40% (see Table 2 below).
- f) An associate can upgrade to a Platinum business center after 30 days for a one-time purchase of a \$1,600 “Platinum Business Center Upgrade.”

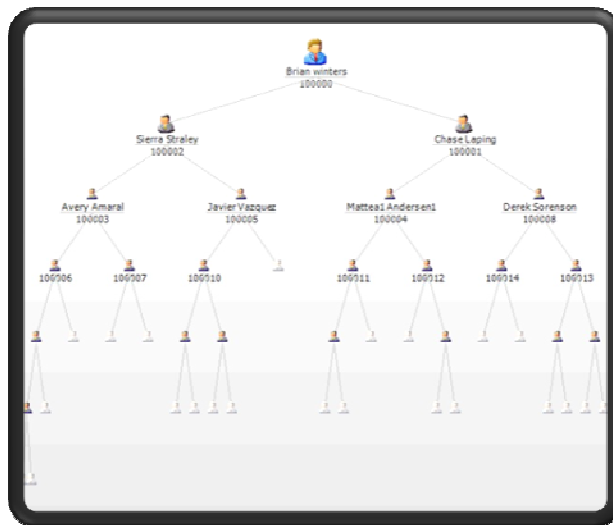
### 2.2 Gold business centers are earned by enrolling and purchasing \$400-\$799 in qualified product within the first 30 days of enrollment.

- a) The Gold business center must personally sponsor two associates (one on each binary leg) to be “binary qualified”. Binary qualified means that the business center is eligible to earn weekly binary commissions.
- b) Gold business centers start with a \$5,000/week earnings cap.
- c) Earnings cap can be increased to \$15,000/week through additional personal sponsorship (see Table 1 below).
- d) To max out at \$15,000/week, a Gold business center must sponsor 20 Associates, 10 of which must be Gold level or higher.
- e) Gold business centers earn a 6% matching bonus per level up to five levels deep (based on Unilevel rank), for a maximum Binary Matching Bonus of 30% (see Table 2 below).
- f) An Associate can upgrade to a Gold business center after 30 days for a one-time purchase of an \$800 “Gold Business Center Upgrade.”



### 2.3 Silver business centers are earned by enrolling and purchasing \$200-\$399 in qualified product within the first 30 days of enrollment.

- a) The Silver business center must personally sponsor two Associates (one on each binary leg) to be “Binary Qualified”. Binary qualified means that the business center is eligible to earn weekly binary commissions.
- b) Silver business centers start with a \$1,000/week earnings cap.
- c) The earnings cap can be increased to \$3,000/week through additional personal sponsorship (see Table 1 below).
- d) To max out at \$3,000/week, a Silver business center must sponsor ten associates of any level.
- e) Silver business centers earn a 4% matching bonus per level up to five levels deep (based on Unilevel rank), for a maximum Binary Matching Bonus of 20% (see Table 2 below).
- f) If an Associate joins the opportunity but does not accumulate \$200 in sales within the 30-day enrollment period, he or she may purchase a Silver business center for a one-time purchase of a \$400 “Silver Business Center Upgrade.”



## 2.4 Team Binary Commission: Maximum Weekly Cap Table

- a) **Max Weekly Earning Cap** = the maximum payout for the business center in any single binary commission period.
- b) **Total PSA Required** = the number of Personally Sponsored Associates who must be in the IBA's binary at the time commissions are run to qualify for that payout.
- c) **PSA Gold or Higher** = The number of the total PSA's who must be of Gold or Platinum level to be eligible for the associated earnings cap.

Platinum			Gold			Silver		
Max Weekly Earnings Cap	Total PSA Required	PSA gold or higher	Max Weekly Earnings Cap	Total PSA Required	PSA Gold or Higher	Max Weekly Earnings Cap	Total PSA Required	PSA Gold or Higher
\$ 10,000	2	-	\$ 5,000	2	-	\$ 1,000	2	-
\$ 10,500	4	2	\$ 6,000	4	2	\$ 1,250	4	-
\$ 11,000	6	3	\$ 7,000	6	3	\$ 1,500	6	-
\$ 11,500	8	4	\$ 8,000	8	4	\$ 2,000	8	-
\$ 12,000	10	5	\$ 9,000	10	5	\$ 3,000	10	-
\$ 13,000	12	6	\$ 10,000	12	6			
\$ 14,000	14	7	\$ 11,000	14	7			
\$ 16,000	16	8	\$ 12,000	16	8			
\$ 18,000	18	9	\$ 14,000	18	9			
\$ 20,000	20	10	\$ 15,000	20	10			
\$ 22,000	22	11						
\$ 24,000	24	12						
\$ 26,000	26	13						
\$ 28,000	28	14						
\$ 30,000	30	15						

Table 1 - Binary Weekly Earnings Cap Stair-step



## 2.5 Team Binary Matching Bonus

The Team Binary Matching Bonus rewards you for sponsoring great people. When your personally sponsored Associates earn commission checks, you get a bonus equal to your matching percentage of their check!

**Example:** You enrolled at the Platinum level, are LEVEL 1, and have personally sponsored Bob. Bob is an experienced network marketer and earns an \$800 Team Binary commission check in his first week. As Bob's sponsor, you would receive a "Matching Bonus" of 8% or \$64.

To continue the example further, let's assume that the next week you meet the qualification to rank up to LEVEL 2. Bob has continued to do well and has received another Team Binary commission check for \$800. You will again receive a matching bonus of 8% but Bob has also recruited his uncle Sam and Sam has received a weekly commission check for \$200. As a LEVEL 2 Associate you are now eligible to earn an 8% Matching Bonus on Sam's commission check as well.

This process continues to five levels deep for a total Team Matching Bonus of up to 40%!

To carry this example to its conclusion: If you sponsored only three people and each of those people sponsored three people, your five level organization would have 363 people in it! If each of those people earned a \$400 commission check, your WEEKLY commission check would be \$11,616!

		★ LEVEL 1	★★ LEVEL 2	★★★ LEVEL 3	★★★★ LEVEL 4	★★★★★ LEVEL 5
<b>PLATINUM</b>	1st Generation Bonus	8%	8%	8%	8%	8%
	2nd Generation Bonus		8%	8%	8%	8%
	3rd Generation Bonus			8%	8%	8%
	4th Generation Bonus				8%	8%
	5th Generation Bonus					8%
	<b>Total Bonus</b>	<b>8%</b>	<b>16%</b>	<b>24%</b>	<b>32%</b>	<b>40%</b>
<b>GOLD</b>	1st Generation Bonus	6%	6%	6%	6%	6%
	2nd Generation Bonus		6%	6%	6%	6%
	3rd Generation Bonus			6%	6%	6%
	4th Generation Bonus				6%	6%
	5th Generation Bonus					6%
	<b>Total Bonus</b>	<b>6%</b>	<b>12%</b>	<b>18%</b>	<b>24%</b>	<b>30%</b>
<b>SILVER</b>	1st Generation Bonus	4%	4%	4%	4%	4%
	2nd Generation Bonus		4%	4%	4%	4%
	3rd Generation Bonus			4%	4%	4%
	4th Generation Bonus				4%	4%
	5th Generation Bonus					4%
	<b>Total Bonus</b>	<b>4%</b>	<b>8%</b>	<b>12%</b>	<b>16%</b>	<b>20%</b>

Table 2 - Binary Matching Bonus Table



### 3 Team Commission (Unilevel)

Any wholesale purchases made after the initial 30-day enrollment period, as well as all retail sales, will be paid out through the Unilevel commission plan. Team Unilevel commissions are paid up to 7-levels deep and are calculated and paid monthly.

- » Anyone you personally sponsor will be placed into your 1st generation in the unilevel, anyone they sponsor will be placed into your 2nd generation and so on regardless of their placement in the Binary genealogy.
- » The binary genealogy and the unilevel genealogy are completely separate. The only common attribute are the level names for consistency.
- » An IBA must meet the rank requirements outlined in Table 3 below on or before the close date of the commission run for that rank to be used in commission calculations.
- » Commissions are not prorated. Regardless of the day an IBA ranks-up he or she will be paid at the new ranks commission rate for the ENTIRE commission period. i.e. if an associate meets the LEVEL 3 qualifications on June 3rd or June 30th the LEVEL 3 commission table will be used for commission calculation for the entire commission period.

#### 3.1 Dynamic Compression

- » Dynamic compression is used to ensure the maximum possible payout to the IBA. Dynamic compression means that inactive income centers (those that generated no sales) are removed from commission calculations. Active income centers in the Downline then roll up to occupy the positions vacated by the inactive centers. This effectively removes "dead spots" from the organization and makes the most volume available possible to pay commissions on.

#### 3.2 Matching Bonus

- » In addition to the Team Unilevel Commissions, associates can earn a matching bonus of up to 15% based on their rank.
- » Like the Binary Matching Bonus, this bonus is calculated as a percentage of commission checks received by your personally sponsored line of associates. Your personally sponsored associates being your 1st generation, their personally sponsored associates being your 2nd generation and so on.
- » See the "Generational Matching Bonus" section of Table 3 below for a full explanation of the different benefit levels.



## 3.3 Unilevel Detail Chart

Rank Requirements	★	★★	★★★	★★★★	★★★★★
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Sales Volume (last 90 days)	\$1,000	\$5,000	\$50,000	\$250,000	\$500,000
Personally-Sponsored Active Associates	2	4	6	8	10
Level 2 or higher personally sponsored	--	--	3	4	5
Monthly purchase requirement	\$60	\$60	\$60	\$60	\$60
<b>Team Commission Payouts</b>					
1st Generation Commission	5%	5%	8%	8%	8%
2nd Generation Commission	5%	5%	8%	8%	8%
3rd Generation Commission	4%	5%	5%	5%	6%
4th Generation Commission		4%	4%	4%	4%
5th Generation Commission			4%	4%	4%
6th Generation Commission				2%	3%
7th Generation Commission					2%
<b>Total Commission Percentage</b>	<b>14%</b>	<b>19%</b>	<b>29%</b>	<b>31%</b>	<b>35%</b>
<b>Generational Matching Bonus</b>					
1st Generation Matching Bonus			5%	5%	5%
2nd Generation Matching Bonus				4%	4%
3rd generation matching bonus				3%	3%
4th generation matching bonus					2%
5th generation matching bonus					1%
<b>Total Generational Matching Bonus</b>	<b>--</b>	<b>--</b>	<b>5%</b>	<b>12%</b>	<b>15%</b>
<b>Total Commission Payout By Rank</b>	<b>14%</b>	<b>19%</b>	<b>34%</b>	<b>43%</b>	<b>50%</b>

Table 3 - Unilevel requirements and payout detail



### 3.4 Business Volume (BV)

As with the Binary, all commission percentages on the unilevel plan are based on the commissionable value of the product that is sold.

For Example, SKU IV7d003 has the following values:

Retail Price	\$10
Wholesale Price	\$7
BV	\$5.60

All commission calculations are performed against the \$5.60 business volume (BV) amount.

## 4 Generational Bonus

IV-7 Direct wants to reward you for finding good people. Team generation bonuses are paid on your line of sponsorship, based on your personally-sponsored associates.

When you attain Level 4, you will earn a 1% commission on ALL sales volume between you and the next person at or above your rank. At Level 5, the generational bonus percentage increases to 2%.

**Example:** Assume you are LEVEL 5. The next LEVEL 5 IBA is Steve. Steve is 57 levels below you and is in your personal line of sponsorship. As a LEVEL 5 IBA you would earn a 2% override commission for ALL business volume (BV) in your line of sponsorship for all 55 levels between you and Steve.



## 5 Leadership Bonus Pool

In every company, cream rises to the top, based upon true commitment, which is vital to the success of IV-7 Direct. Recognizing this commitment is the purpose of our leadership bonus pool. Our top leaders will be eligible to share in this worldwide pool, which is 2% of all BV in the IV-7 Direct sales organization. Your portion of this payout from the leadership bonus pool is determined by your level of achievement at the time the calculation is made

- » Each quarter 2% of the total BV value for the quarter will be set aside to fund the Leadership Bonus Pool. e.g. if there was \$6,000,000 of BV on orders for the quarter, \$120,000 would be set aside for the bonus pool.
- » IBA's receive shares in the pool based off the monthly rank achieved during each of the 3 months in a quarter.
- » For each month in the quarter an associate was ranked LEVEL 4, the associate will receive 1 share in the pool. LEVEL 5 associates will receive 2 shares in the pool for each month that they held the LEVEL 5 rank during the quarterly commission period.
- » The total pool value is divided by the total number of shares issued to determine the share value. e.g. if there is \$120,000 in the pool to be paid and there are 100 shares issued, the per share price would be \$1,200.

Example: The pool is being calculated for the second quarter Kate earned the rank of LEVEL 3 in April, LEVEL 4 in May and LEVEL 5 in June. Kate will accrue 0 shares for April, 1 share for May and 2 shares for June giving her a total of 3 shares for the quarterly commission period. If the per share value for the quarter is calculated to be \$1,200 then Kate's total bonus will be \$1,200 x 3 shares = \$3,600. If Kate had been LEVEL 5 for all 3 months her total bonus would have been \$7,200 (\$1,200 x 6 shares)



## 6 Other Policy Definitions

This section outlines other specific policies related to the compensation plan.

### 6.1 Fiscal Periods

Fiscal periods define start and stop dates for each commission period. IV-7 Direct utilizes weekly, monthly and quarterly periods as defined below.

**Weekly Period** - Each weekly periods shall run 7 calendar days in duration beginning Monday morning at 12:01am CST and ending Sunday evening at 12:00pm CST.

**Monthly Period** - Each monthly period will run from 12:01 AM CST on the first day of a calendar month to 12:00pm CST on the last day of that calendar month; e.g. 12:01 AM CST April 1st through 12:00 PM CST April 30th.

**Quarterly Period** - Each quarterly period will be comprised of 3 monthly periods with a total of 4 quarters per year. Defined as follows:

Q1	Q2	Q3	Q4
Jan	April	July	Oct
Feb	May	Aug	Nov
March	June	Sept	Dec

## 7 Group Sales Volume (GSV)

GSV is the sum total of business volume (both associate and customer purchases) present in an IBA's organization. The IBA's organization is defined by his or her Level in the Unilevel pay plan. A Level 1 IBA's organization consists of himself and his personally sponsored associates (1st generation). A LEVEL 2 IBA's organization consists of his 1st and 2nd generation associates and so on and so forth.

## 8 Personal Sales Volume (PSV)

PSV is the sum total of the wholesale value of purchases made by an associate through the "dealer cart" in their **IV-7 Direct Business HQ™** (back office site) and any retail purchases made through that IBA's replicated web store.

## 9 Customer Definition

Customers are those persons who wish to purchase product at retail prices from the company or its distributors but do not wish to participate in the opportunity or compensation plans. Customers are not eligible to build downlines or receive commissions. They can qualify for a 10% retail discount by signing up as a preferred customer which requires a monthly auto ship subscription.



## 10 Commission Cap - Global

A commission cap ensures that no more than 100% of the total BV invoiced for a commission period is paid out during that period's Binary Commission and Binary Matching Bonus calculations. Following is an example of how a commission cap works.

At the start of the commission calculations the maximum Binary Commission payout for the current weekly commission period will be calculated. The resulting figure is referred to as the "Max Pay" - the maximum amount of commissions that is available to pay out.

Binary commission and Binary Matching Bonuses are then calculated unencumbered without taking the commission cap into consideration. This is the total Team Binary Commission amount that would be paid if no cap was in place. If this amount is less than the cap, the full commission amount is paid to each associate. If the calculated commission amount is higher than the calculated maximum commission cap, a commission reduction must be applied to ALL commission checks. The process by which the reduction amount is calculated is defined in the example below.

**Example:** For this example assume the company wishes to pay out 100% of the BV for the period (for easy math). There is \$1,000,000 in total BV for this commission period.

Binary commission calculations are run and the projected pay out total is \$1,025,000. Because this number is higher than the maximum payout cap of 100% (\$1,000,000 in this example) we must determine the capping factor. To do this we divide 1,000,000 by 1,025,000. The result is 0.97 or 97%. We then subtract the result from our max pay cap (100% -97%) and are left with 3%. This means that each Binary Commission check must be reduced by 3% to avoid paying more than the cap maximum of 100%.

*The global commission cap is different from any personal earnings cap imposed by the associated rank, level or qualifications in the plan.*

## 11 Commission Cap - Personal

Binary earnings for any income center greater than that income centers personal weekly cap (as determined by rank and qualification) are not paid to that income center. Instead, those funds are returned to the general commission pool so that funds are available to pay other income centers without the global commission cap being enacted.

